

# Program Letter

## United States Railroad Retirement Board Office of Programs



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**TO:** Certification and Registration Contact Officials with Internet access

**SUBJECT:** Future Changes in Annual and Adjustment Reports of Compensation

Please share this information with your staff who file Forms BA-4, Report of Creditable Compensation Adjustments, and Forms GL-99, Deemed Service Month Questionnaire, as well as programming staff.

### **Purpose**

The purpose of this letter is to provide additional information to what we provided in the letter dated December 10, 2004, on the future changes to Form BA-3, "Annual Report of Creditable Service and Compensation." This letter is for information and planning purposes. This letter explains how employers will be able to report employment relation information on their annual report by using new service month codes and explains planned changes to Form BA-4 adjustment reporting.

### **New Service Month Codes**

#### Form GL-99, Employer's Deemed Service Month Questionnaire

The RRB needs employment relation information in order to determine deemed service months in certain situations. Currently, the RRB obtains this information by sending employers a Form GL-99, Employer's Deemed Service Month Questionnaire. In the future, employers will have the option to report employment relation information on their annual report by using two new service month codes. This change is optional.

#### Benefit to employers

If an employer chooses to use the new service month codes to report employment relation information on their annual report, the employer will not be sent Form GL-99 because the RRB will already have this information. If these codes can be generated mechanically, this could save considerable manual work for employers who would otherwise have had to complete and return the paper request forms.

#### How to report employment relation on the revised BA-3 annual report

The RRB has added service month codes 8 and 9 for employers to report employment relation information for non-worked months. The new codes would be used in place of code 0. The possible service month codes are:

- 1 = worked
- 8 = not worked but has employment relation (new)
- 9 = not worked and has no employment relation (new)
- 0 = not worked and employment relation is unknown

You cannot mix all four codes for a single employee. You must use either codes 1, 8, and 9 or use existing codes 1 and 0. You can, however, mix employees with new codes and employees with old codes in the same report. The three example employees below could all be included in the same BA-3 report.

Examples: Bart and Homer are using the new service month codes, Lisa is using existing codes.

#### 2004 BA-3a

Name	Tier II Comp	Service Month Detail	Total SM	RRB Action
Bart	30,000	1 1 1 1 8 9 9 9 9 9 9 9	4	RRB will deem May. There is potential for 2 deemed months but there is only one non-work month with an employment relation.
Homer	27,000	9 9 1 1 1 8 1 1 8 8 8 9	5	No deeming possible as Tier II compensation is insufficient. The SM codes will be stored in case compensation is increased later.
Lisa	60,000	0 0 1 1 1 1 1 1 1 1 0 0	8	RRB will send GL-99 to employer, as currently, to request employment relation information.

#### Changes to BA-4 Adjustment Reporting

##### New file layout for Form BA-4

Attached is the new file layout for Form BA-4, Report of Compensation Adjustments. The revised paper form will be issued by the end of 2006. The BA-4 changes reflect the BA-3 changes with two exceptions. You cannot use the new service month codes (8 and 9) on Form BA-4. Neither can you use Form BA-4 to correct a daily pay rate previously reported.

##### BA-4 and new service month codes

The new service month codes **cannot** be used on Form BA-4. Form BA-4 will accept only service month codes 1 and 0, as currently. If the employment relation information on Form BA-3 was in error and code 8 or 9 should have been a 1, this should be corrected by reporting the code 1 on Form BA-4. If, however, code 8 should have been 9 or vice versa, you cannot make this correction with Form BA-4. Instead file Form GL-99, Employer's Deemed Service Month Questionnaire, to report the correct employment relation information. When these changes are effective, Form GL-99 will be available to employers on the RRB web site and by request.

##### BA-4 and daily pay rate

The daily pay rate field was added to the BA-4 only for the purpose of receiving pay rate information if the BA-4 is used to report an employee who was omitted from your annual report or to report a missing payrate. Do not use the daily pay rate field to enter an increase or a decrease to a previously reported payrate. If the daily pay rate on Form BA-3 is in error, telephone the district office where the employee applied for benefits to report a correction. Otherwise, correct the error on the next BA-3 annual report. No correction is necessary if the daily pay rate originally reported and the correct daily pay rate both result in the maximum daily benefit rate.

##### For additional information

For information on how to report the daily pay rate on the new annual report, refer to Program Letter 05-03. The daily pay rate is used to determine the effective benefit rate. For information on the maximum daily benefit rate, refer to Program Letter 05-02. For more information about deemed service, see the Reporting Instructions to Employers, Part III, Chapter 1. All recent program letters and the Reporting Instructions to Employers can be accessed on [www.rrb.gov](http://www.rrb.gov). On the left-side menu, under "Employer Reporting," select Program Letters or Instructions to Employers.

##### When will the new service month codes and new BA-4 be effective?

The new service month codes and new BA-4 will be implemented at the same time as the revisions to Form BA-3, Annual Report of Creditable Compensation. We expect that all changes will be effective by January, 2007 for report year 2006. **Do not use the new codes or new BA-4 layout until advised by the RRB.** An implementation schedule will be issued at a later date.

##### Questions

If you have questions about this letter, please contact QRSC at (312) 751-4992 or Carol Arnold at (312) 751-4833.

<http://www.rrb.gov/AandT/pdf/pl05-06attachment.pdf>